

session and burn them in the public square of Vandalia, in the presence of the governor and the judges of the Supreme Court. The next State Bank was incorporated in 1835 and \$2,000,000 of the capital subscribed by the State was paid by the issue of bonds, which were taken by the bank at par, Assistance was also given to the Bank of Illinois at Shaw-neeetown, but both banks collapsed in 1842 and the State was saved from much actual loss by the surrender by the banks of the State stock, which was burned in the Capital Square at Springfield in the presence of the legislature. The Constitution of 1848 provided that no State bank should thereafter be created nor should the State own any banking stock. Tennessee authorized a State Bank in 1820, which issued \$1,000,000 in inconvertible notes in loans of \$500 each upon real estate mortgages worth double the amount.¹ The notes quickly dropped below par and the bank closed in 1832.

Louisiana incorporated the Union Bank of Louisiana in 1832 upon similar principles with those of the Union Bank of Florida and issued \$7,000,000 in State bonds to provide the capital. Bonds to the amount of \$10,000,000 were issued to two other institutions, but all three failed in 1842 and the State enacted a sound banking law, under which she became in 1860 the fourth State in the Union in banking capital and the second in specie holdings.³ The essential feature of the law was the requirement that the liabilities be covered one-third by specie and the remaining two-thirds by commercial paper having not more than ninety days to run. Louisiana prohibited State subscriptions for bank stock in her constitution of 1852. Georgia, Vermont, Missouri, Delaware and the Carolinas all tried State ownership and management of banks, but the first two early abandoned the experiment. The others ceased to be banks of issue with the establishment of the national banking system. The Farmers' Bank of Delaware was never much under political influences and is still conducted as a bank of discount and deposit. The Bank of Missouri had a coin reserve of one-third of its cir-

¹ Kuox, *Rhodes's Journal of Banking*, Oct., 1892.

² White, *Sound Currency*, Vol. IT., No. i, p. 5.